



Staff Report

REPORT ON MID YEAR FINANCIAL RESULTS – DECEMBER 31, 2007

Honorable Mayor and Council Members:

Summary

The City of Belmont performs a Mid-Year Review of its financial results. The attached reports and analysis summarize the financial results for the six months ended December 31, 2007 and identifies mid term corrective action required to the Budget.

Background

Annually, the City prepares an analysis of the current year budget at the six month mid point. This analysis is called the “Mid Year Review”. The purpose of the Mid Year Review is to discuss the financial results of the organization and suggest corrective action in the event expectations differ from results.

Discussion

Executive Summary-

Staff has prepared an Executive Summary. The Executive Summary includes a recap of the FY 08 fiscal status, recommends budget corrections, and addresses other Mid-Year Budget clean-up items.

This summary is shown as Attachment 1.

Mid Year Financial Results-

To further assist in the analysis of the Mid-Year Review, six month financial results provide a summary-to-detail perspective.

The highest level report is titled Performance at a Glance. This report measures performance in two important areas: General Fund balance trends and year to date revenues and expenditures on a budget to actual basis. These measurements are indicative of the City's general financial health and the ability to meet expected results.

The mid-level report is titled Fund Recap at a Glance. On a single page, this report lists all year to date revenue and expenditure activity by fund. Furthermore, a comparison to budget is provided. This report is intended to highlight economic activity at the fund level and focus attention on budgetary compliance.

The detail report is titled Statement of Revenues and Expenditures – Budget Variance Report and is intended as a companion to the Fund Recap at a Glance report. This report can be used to "drill down" to the detail information for purposes of comparing the year to date budget (i.e., what we thought we were going to receive or spend for the period) against actuals (i.e., what we really received or spent during the period) for each major revenue source and expenditure division/service center. To facilitate the Council and Commission's review and reconciliation to other reports, the expenditure detail has been sorted in both functional and fund orders.

These reports are shown as Attachment 2.

Budget Augmentation Requests and Implementing Resolution-

Staff has prepared a draft budget resolution for Council's consideration. The budget resolution incorporates requests that fall into the following categories: 1) new appropriations required to complete the fiscal year or 2) items reflecting actions previously approved by City Council. In the former case, departments have prepared explanations for divisions/service centers with unfavorable expenditure budget variances at mid-year or projected year end, and any corrective action planned to mitigate the variance. It is important to note most department budgets are well within the approved budget authority.

The implementing resolution and explanations are presented as Attachment 3.

General Fund Correction Strategy-

Mid-Year Review demonstrates a projected increase in fund balance of \$268,211 resulting in a projected year-end surplus of \$363,813.

Finance Commission Review –

On February 7, 2008, the Finance Commission reviewed and discussed the financial results for the six months ended December 31, 2007. No further action was required of the Commission.

General Plan/Vision Statement

No impact.

Fiscal Impact

No fiscal impact at this time. Please reference the budget resolution for impacts once resolution is adopted.

Public Contact

Posting of City Council agenda. The Finance Commission has been informed of this meeting.

Recommendation

Direct staff to prepare a resolution amending the FY 08 Budget. Record amendments to the budget per approved resolution.

Alternatives

1. Take no action.
2. Direct staff to take other corrective measures.

Attachments

- A. Executive Summary (City Council Meeting Presentation)
- B. Financial Results Reports
- C. Budget Resolutions and Variance Explanations

Respectfully submitted,

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Finance Director

Jack R. Crist
City Manager

Staff Contact:

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RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT AMENDING
THE FISCAL YEAR 2008 BUDGET AND APPROVING A REVISION TO REVENUE
AND SUPPLEMENTAL APPROPRIATION**

WHEREAS, City of Belmont requires additional funding for expenditures identified hereto;
and,

WHEREAS, the City of Belmont City Council finds that it is necessary to augment the budget
for those expenditures; and,

WHEREAS, there is additional revenue and undesignated fund balances available to cover the
augmentation; and,

WHEREAS, the following accounts require adjustment to address the variances as a result of
not being included in the regular budget process; and,

EXPENDITURES					
Fund	Account #	Expenditure Description	Ref.	Pre Approved	Amount
101	4153	Renewed City Attorney Contract	1	✓	\$7,000
101	2104	Police Retirements	1		150,000
101	4106-8599	Green Vehicle Initiative Transfer from GF to Finance Non-Dept.	1	✓	5,000
101	2104-8111	Overtime Dispatch & Records	1		15,000
101	2101-8580	Travel and Training Academy	1		76,891
101	2101-8353	Pre-Employment Services shortfall	1		10,150
101	2101-8111	Overtime covering for injured officers	1		35,000
101	4100-8580	Travel & Training for new Councilmembers	1		5,000
101	5101-8430	Landscape Median Ralston Avenue	1		13,000
101	5101-8103	Redistribution of employee costs	1		(20,597)
101	1301-8103	Redistribution of employee costs	1		13,731
206	4518-8430	Library Awning Project/Air Conditioning Unit Repair	2		35,000
206	4518- New	Solar Energy Design Project	2	✓	50,000
207	5701-8351	Athletic Field Maint. Supplies	3	✓	10,000
207	5701-8351	Athletic Field Maint. Contract Svcs.	3	✓	25,000
225	4225-9040	LIVE SCAN equipment required by Dept. of Justice	6	✓	40,009
231	3301-8430	C/CAG Congestion Relief	7		18,586
234	4312-3114-9030	Ralston Avenue Irrigation Project	8		38,000
308	4194-8030-9020	Manor House Restoration Project	9	✓	82,500

351	4610-9551-9030	Econ. Develop. Enhancement Agreement with Keyser Marston	10	✓	45,000
503	4356-7057-9030	Basin 8 & Sewer Rehabilitation Project reduction	11	✓	(170,000)
503	4326-7003-9030	Standby Generator for San Juan Pump Station	11	✓	100,000
525	4315-6010-9030	Water Dog Lake Silt Removal	12	✓	(50,000)
525	4315-6045-9030	Storm Drain Capital Improvement Project	12	✓	(50,000)
525	4315-6051-9030	Corrugated Metal Pipe Replacement Project	12	✓	(100,000)
525	4315-6049-8331	Transfer from 525-4315-6001-9030 Master Storm Drain	12	✓	16,720
525	4315-6001-9030	Master Storm Drain Plan	12	✓	(16,720)
620	3201-8430	Sewer Vacuum Truck BAAQMD requirement	13	✓	20,000
625	5304-8103	Increase Temp. Part-Time	14		8,715
625	5304-8351	Incr. Other Professional/Tech	14		1,500
625	5304-8423	Custodial Services	14		2,000
625	5304-8430	Repair & Maint. Services	14		2,000
625	5304-8610	General Supplies	14		1,000
625	1701-9020	City Hall Improvements Suites 104 and 105	14	✓	15,000
625	1701-8103	Redistribution of employee costs	14		6,866
822	4633-9030	RDA First-Time Homebuyer	15	✓	378,646
822	6101-8313	RDA Waived per Agreement	15		(9,416)
841	4637-8313	RDA Waived per Agreement	16		(37,010)
		TOTAL			\$773,571

REVENUES					
Fund	Account #	Revenue Description	Ref.	Pre Approved	Amount
101	6101	Property Tax Secured	1		\$75,337
101	6103	Property Tax Unsecured	1		61,356
101	6328	HOPTR	1		4,585
101	6102	Unitary	1		26,377
101	6121	Sales Tax reduction	1		(153,026)
101	6111	Motor Vehicle License In-Lieu	1		95,419
101	6125	TOT	1		174,000
101	6103	Unsecured Property Tax	1		12,600
101	7299	Green Initiative Appropriation Authority	1	✓	5,000
101	6110	ERAF Refund came in Higher	1		276,738
207	6950	Athletic Field User Fee per player	3	✓	35,000
210	6529	Inspection Fees not budgeted	4		137,000
210	6529	Inspection Fees uncollected	4		41,000
223	6101	Property Tax Secured	5		(129,952)
223	6103	Property Tax Unsecured	5		(3,414)
223	6328	HOPTR	5		(4,677)
223	6102	Unitary	5		20,883
234	6359	Prop. 1B Misc. State Grants	8		417,516
234	6319	Ralston Ave. Traffic Fed Grant Overstated	8		(39,000)
625	7151	Lodge & Cottage Rental Rev.	14		3,160
625	7155	Barrett Com. Center Revenue	14		5,760
625	7158	Sports Complex Rental Revenue	14		6,295
822	6101	Property Tax Secured RDA	15	✓	87,926
841	6101	Property Tax Secured RDA	16		318,605
841	6103	Property Tax Unsecured RDA	16		(11,780)
		TOTAL			\$1,462,708

SUMMARY EFFECT ON FUNDS				
Ref.	Fund	Revenues	Expenditures	Net Change per Fund
1	101	\$578,386	\$310,175	\$268,211
2	206		\$85,000	(\$85,000)
3	207	\$35,000	\$35,000	0
4	210	\$178,000		\$178,000
5	223	(\$117,160)		(\$117,160)
6	225		\$40,009	(\$40,009)
7	231		\$18,586	(\$ 18,586)
8	234	\$378,516	\$38,000	\$340,516
9	308		\$82,500	(\$82,500)
10	351		\$45,000	(\$45,000)
11	503		(\$70,000)	\$70,000

12	525		(\$200,000)	\$200,000
13	620		\$20,000	(\$20,000)
14	625	\$15,215	\$37,081	(\$21,866)
15	822	\$87,926	\$369,230	(\$281,304)
16	841	\$306,825	(\$37,010)	\$343,835
	TOTAL	\$1,462,708	\$773,571	\$689,137

REFERENCES

No.	Explanation
1	The General Fund 101 balance will be enhanced by \$268,211.
2	The Library Fund 206 fund balance will be reduced by the \$85,000 budget adjustment for the awning project, solar project and air conditioning unit repair.
3	The Athletic Field Maintenance fund 207 is a new fund that will generate revenue through User fees to offset the expenditures of \$35,000 for athletic field maintenance.
4	Development Services 210 fund balance will be enhanced by \$178,000 from inspection fees not budgeted in original 07-08 budget.
5	Fund 223 Property Tax Secured, Unsecured, and HOPTR are revised to come in less than budget by a total of \$138,043 and Unitary tax is revised to come in \$20,883 higher than budgeted.
6	Fund 225 fund balance earmarked for purchase of Live Scan program utilizing grant funding.
7	The Street Maintenance 231 fund balance of \$124,000 will be reduced by \$18,586 for increased dues to City/County Association of Governments (C/CAG).
8	The Street Improvements Fund 234 fund balance of \$395,000 will be increased by \$340,516 from Proposition 1B funds of \$417,516 not budgeted, a reduction of \$39,000 for an over-budgeted federal grant for Ralston Ave. traffic, and the additional expense of \$38,000 for Ralston Avenue Irrigation Project.
9	Capital Project Fund 308 fund balance of \$337,000 will be reduced by \$82,500 per Council action of 10/9/07 for the Manor House Restoration Project.
10	RDA Capital Project Fund 351 balance of \$5,614,000 will be reduced by \$45,000 for the contract with Keyser Marston for economic development enhancement per Council action of 10/9/07.
11	Sewer Capital Improvement Fund 503 fund balance of \$12,165,000 will be reduced by \$70,000 for net expenditure reduction of \$170,000 for the Basin & Sewer Rehabilitation project and the purchase of a standby generator for San Juan Pump Station in the amount of \$100,000 per Council action on 10/9/07.
12	Storm Drainage Enterprise 525 fund balance of \$3,331,000 will be increased by \$200,000 due to postponement of three budgeted projects: Water Dog Lake Silt Removal, Storm Drain Capital Improvement Project, and Corrugated Metal Pipe Replacement Project.
13	Fleet & Equipment Management 620 fund balance of \$3,960,000 will decrease by \$20,000 for the sewer vacuum truck required by the Bay Area Quality Management District (BAQMD).
14	Facilities Management 625 fund balance of \$44,000 will decrease by \$21,866, which is for City Improvements of Suites 104 and 105 and will eventually be compensated from enhanced rental revenue and a redistribution of employee costs out of the CM budget in

	the amount of \$6,866.
15	Low & Moderate Income Housing 822 fund balance of \$8,037,000 will be decreased by \$281,304 due to a combination of RDA First-Time Homebuyer payment of \$378,646, a reduction in expenses in the amount of \$9,416 for the County pass-through, and an increase in anticipated revenue from secured property tax in the amount of \$87,926.
16	RDA Debt Service 841 fund balance of \$2,453,000 will be increased by \$343,835 as a result of increased anticipated property tax increment revenue in the net amount of \$306,825 and a decrease in County pass-through expenditures of \$37,010.

WHEREAS, the above explanations are provided in support of the budget adjustments, and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Belmont hereby amends the Fiscal Year 2008 Budget per fund as reflected above,

* * * * *

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of Belmont at a regular meeting thereof held on February 26, 2008 by the following vote:

AYES, COUNCILMEMBERS: _____

NOES, COUNCILMEMBERS: _____

ABSTAIN, COUNCILMEMBERS: _____

ABSENT, COUNCILMEMBERS: _____

CLERK of the City of Belmont

APPROVED:

MAYOR of the City of Belmont